

SOAH DOCKET NO. 582-11-8685

TCEQ DOCKET NO. 2011-1280-UCR

ALJs Richard R. Wilfong and Tommy L. Broyles

Monarch I LP; CCN Nos. 12873, 20899; Application Nos. 37049-R; 37050-R.

The following is our settlement in SOAH Docket No. 582-11-8685 (consolidated) on May 2, 2012.

Agreements

1. Increase in revenue in the amount of \$2.6 million to be included in rates to be effective in the Cities and the environs as follows:

June 1, 2012 = \$1.7 million

January 1, 2013 = plus \$0.9 million

\$2.6 million

2. Moratorium on effective date for a new rate increase until January 1, 2014. Monarch is not seeking a rate base or depreciation rate determination as part of the settlement. No rate base determination or depreciation rate filing will be made before the next general rate case.
3. No surcharge for recovery of rate case expenses, and no more payment of city rate case expenses by Monarch.
4. No agreement regarding the transfer of utility systems to Blue Mound or Oak Point.
5. Monarch agrees to one week extension from 04/30/2012 to 05/07/2012 for responses to Monarch's motions to lift abatement and for leave to amend the application.
6. Miscellaneous charges and all other tariff provisions as filed in the rate application.
7. Add additional language to Franchise Fee Pass through Clause in the Monarch tariff to clarify that the charge is limited to 2% or amount charged by the municipality for water and sewer.
8. Monarch will serve attorneys for Collation of Cities and TAMER with notice of any filing at TCEQ for implementation of purchased water pass through clause.
9. This agreement is subject to approval by city councils for those parties who are municipalities.
10. The parties agree upon the following water rates to be effective on the first meter read after June 1, 2012, and January 1, 2013:

June 1, 2012: Step 1

Base monthly fee: \$39.95

Gallonage charge per 1000 gallons:

0 to 2,000 \$5.50

2,001 to 20,000 \$6.84

over 20,000 \$9.00

Meter Size	Equivalency Factor	Monthly Rate
5/8 x 3/4 "		\$ 39.95
3/4"		\$ 59.93
1"		\$ 99.88
1 1/2		\$ 199.75
2"		\$ 319.60
3"		\$ 599.25
4"		\$ 998.75
6"		\$ 1,997.50
8"		\$ 3,196.00

January 1, 2013: Step 2

Base monthly fee: \$39.95

Gallonge charge per 1000 gallons:

0 to 2,000 \$6.05

2,001 to 10,000 \$7.45

10,001 to 20,000 \$8.45

over 20,000 \$9.00

Meter Size	Equivalency Factor	Monthly Rate
5/8 x 3/4 "		\$ 39.95
3/4"		\$ 59.93
1"		\$ 99.88
1 1/2		\$ 199.75
2"		\$ 319.60
3"		\$ 599.25
4"		\$ 998.75
6"		\$ 1,997.50
8"		\$ 3,196.00

11. The parties agree upon the following sewer rates to be effective on the first meter read after June 1, 2012:

Base monthly rate: \$59.90

Gallonge Charge per 1000 gallons based on winter average: \$2.10

REFUNDS/SURCHARGES:

YES

NO

(Additional pages attached 2)

ATTACHMENTS:

 X ATTACHMENT A

 X ATTACHMENT B

PARTIES:

TCEQ Exec. Director:

Public Interest Council:

Utility:

Protestants:

Brian MacGill
Charles W. Papp
MONARCH UTILITIES.
Army Swankholm
Shirley L. Lamm attorney for Monarch Utilities I, L.P.
Heidi So Coulton
David O. Judd for Texas Against Monopolies' Excessive Rates

SUPPLEMENTAL EMERGENCY SERVICE FEE

Applicable to nonresidential water service customers that require supplemental service over and above their existing water service from time to time. Usage to be determined by customer. The minimum diameter for supplemental service meter shall be 2 inches.

Monthly Supplemental Service Rate = \$13.43 per inch diameter of service connection meter.

MISCELLANEOUS FEES AND CHARGES-TO ALL CUSTOMERS

TAP FEE (5/8 x 3/4" meter)	\$700.00
TAP FEE (unique costs)	Actual Cost
LARGE METER TAP FEE	Actual Cost
RECONNECTION FEE	
a) Non payment of bill	\$25.00
b) Customer's request	\$50.00
TRANSFER FEE	\$45.00
LATE CHARGE	10% of the delinquent bill
RETURNED CHECK CHARGE	\$25.00
CUSTOMER DEPOSIT – RESIDENTIAL	\$50.00
CUSTOMER DEPOSIT – NON-RESIDENTIAL	1/6 th Est. Annual Bill
METER TEST FEE	\$25.00
SEASONAL RECONNECTION FEE	Base rate times number of months off the system not to exceed six months when leave and return within a twelve month period.
METER RELOCATION FEE	Actual cost to relocate that meter
METER CONVERSION FEE	Actual cost to convert that meter
LINE EXTENSION AND CONSTRUCTION CHARGES:	Refer to Tariff Section 2.12 Specific Utility Service Rules and Section 3.02 Specific Utility Extension Policy for terms, conditions, and charges.
GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:	Increases in inspection fees and water testing costs imposed by state or federal law may be passed through as an adjustment to the monthly base rate charge under the terms and conditions of 30 T.A.C. 291.21(k)(2) after notice to customers and upon written approval by the TCEQ.
PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE – ALL WATER SUPPLY SUBJECT TO FEE:	Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through utility-wide as an adjustment to the water gallonage charge according to the following formula:
	$AG = G + B/(1-L), \text{ where}$ $AG = \text{adjusted gallonage charge, rounded to the nearest one cent:}$ $G = \text{approved gallonage charge (per 1,000 gallons);}$ $B = \text{change (per 1,000 gallons) due to purchased water/district gallonage changes;}$ and $L = \text{system average line loss for preceding 12 months not to exceed 0.15.}$
PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE – PORTION OF WATER SUPPLY SUBJECT TO FEE:	

Upon notice from a water supplier of either an increase or decrease in the cost of purchased water, the utility shall provide notice to customers and the Commission of its intent to implement rates imposed by any non-affiliated third party water supplier or underground water district having

Notice of proposed water/sewer rate change (cont'd)

jurisdiction over the Utility shall be passed through utility-wide as an adjustment to the water gallonage charge according to the following formula:

$$\begin{aligned} \text{Adjustment to the gallonage rate} &= \text{AG} = (\text{CP}/\text{GB}) \times 1,000 \\ \text{Adjustment to the minimum bill} &= \text{AMB} = \text{GMB} \times \text{AG} \end{aligned}$$

CP = CP1 – CP0 = change in cost of purchased water;
 CP1 = Cost of purchased water during the most recent 12 month period at the new rate;
 CP0 = Cost of purchased water during the most recent 12 month period at the previous rates;
 GMB = Number of gallons in the minimum bill, divided by 1,000; and
 GB = Number of gallons billed to customers in excess of the amount included in the monthly minimum bill for the 12 month period used above.

TEMPORARY WATER RATE:

Unless otherwise superseded by TCEQ order or rule, if the Utility is ordered by a court or governmental body of competent jurisdiction to reduce its pumpage, production, or water sales, the Utility shall be authorized to increase its approved gallonage charge according to the formula:

$$\text{TGC} = \text{cgc} + \frac{(\text{pr}) (\text{cgc}) (\text{r})}{(1.0 - \text{r})}$$

Where:

TGC = temporary gallonage charge;

cgc = current gallonage charge;

r = water use reduction expressed as a decimal fraction (the pumping restriction); and

pr = percentage of revenues to be recovered expressed as a decimal fraction. For this tariff pr shall equal 0.5.

To implement the Temporary Water Rate, the Utility must comply with all notice and other requirements of 30 T.A.C. 291.21(l).

METER TAMPERING, DAMAGE OR SERVICE DIVERSION PENALTY:

One time penalty for tampering with or damaging a water meter or any appurtenance thereto including locks and meter boxes or service diversion of one hundred dollars (\$100.00).

FRANCHISE FEE PASS THROUGH CLAUSE:

Charges a municipality makes for use of streets and alleys pursuant to Tax Code §182.025 or other applicable state law shall be passed through utility-wide as an adjustment to the water gallonage charge according to the following formula:

$$\begin{aligned} \text{AG} &= \text{G} + \text{B}, \text{ where} \\ \text{AG} &= \text{adjusted gallonage charge, rounded to the nearest one cent;} \\ \text{G} &= \text{approved gallonage charge (per 1,000 gallons) and} \\ \text{B} &= \text{projected franchise fees payable (per 1,000 gallons).} \end{aligned}$$

Sewer

Residential sewer service will be billed year round using that service connection's average winter water consumption during December, January and February. Single family residential service connections without an historic winter average will have an imputed average of 5,000 gallons until they have established an average. Multi-family residential service connections without an historic winter average will have an imputed average of 5,000 gallons per residential unit until they have established an average.

Non-residential service connections will be billed on actual monthly water consumption without the use of winter averaging.

MISCELLANEOUS FEES AND CHARGES-TO ALL CUSTOMERS

TAP FEE (gravity sewer, street or easement installation)	\$700.00
TAP FEE (pressure sewer, non-rock installation)	\$1,525.00
TAP FEE (pressure sewer, rock installation)	\$3,776.00
LARGE METER TAP FEE	Actual cost
ACCOUNT SET UP FEE (sewer only customers)	\$25.00
RECONNECTION FEE	
a) Non payment of bill	\$25.00
b) Customer's request	\$50.00
SEASONAL RECONNECTION FEE	

Base rate times number of months off the system not to exceed six months when leave and return within a twelve month period.

TRANSFER FEE	\$45.00
LATE CHARGE	10% of the delinquent bill
RETURNED CHECK CHARGE	\$25.00
CUSTOMER DEPOSIT – RESIDENTIAL	\$50.00
CUSTOMER DEPOSIT – NON-RESIDENTIAL	1/6 th Est. Annual Bill
SERVICE RELOCATION FEE	Actual cost to relocate that connection
LINE EXTENSION AND CONSTRUCTION CHARGES:	

Refer to Section 2.12 Specific Utility Service Rules and Section 3.02 Utility Specific Extension Policy for terms, conditions, and charges.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

Increases in inspection fees and water testing costs imposed by state or federal law may be passed through as an adjustment to the monthly base rate charge under the terms and conditions of 30 T.A.C. 291.21(k)(2) after notice to customers and upon written approval by the TCEQ.

DAMAGE OR SERVICE DIVERSION PENALTY:

One time penalty for tampering with or damaging a sewer service connection or any appurtenance thereto including pumps or service diversion of one hundred dollars (\$100.00).

FRANCHISE FEE PASS THROUGH CLAUSE:

Charges a municipality makes for use of streets and alleys pursuant to Tax Code §182.025 or other applicable state law shall be passed through utility-wide as an adjustment to the sewer gallonage charge according to the following formula:

AG	=	G + B, where
AG	=	adjusted gallonage charge, rounded to the nearest one cent:
G	=	approved gallonage charge (per 1,000 gallons) and
B	=	projected franchise fees payable (per 1,000 gallons).

PURCHASED SEWER PASS THROUGH CLAUSE:

Changes in fees imposed by any non-affiliated third party wholesale sewer service provider shall be passed through utility-wide as an adjustment to the sewer gallonage charge according to the following formula:

AG	=	G + B, where
AG	=	adjusted gallonage charge, rounded to the nearest one cent:
G	=	approved gallonage charge (per 1,000 gallons) and
B	=	change in purchased sewer service gallonage charge (per 1,000 gallons).

Attachment B